

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Chelsea Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 22, 2019

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made, on average, on August 1 of each fiscal year. The schedule is effective in FY20 (since the amount under the prior schedule was maintained in FY20) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.35% to 7.25% and a revision to the mortality assumption.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Enc.



**Chelsea Retirement System**  
**January 1, 2019 Actuarial Valuation**

Total appropriation increases 5.7% each year until FY28 with a final amortization payment in FY29

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2003 ERI</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Total Cost Increases</u>
2020	3,813,024	250,000	8,864,903	8,699	12,936,626	82,668,960	
2021	3,984,610	250,000	9,430,313	9,091	13,674,014	79,200,686	5.70%
2022	4,163,917	250,000	10,030,015	9,500	14,453,432	74,877,658	5.70%
2023	4,351,294	250,000	10,666,057	9,927	15,277,278	69,601,322	5.70%
2024	4,547,102	250,000	11,340,607	10,374	16,148,083	63,263,795	5.70%
2025	4,751,722	250,000	12,055,962	10,841	17,068,524	55,747,059	5.70%
2026	4,965,549	250,000	12,814,552	11,328	18,041,430	46,922,093	5.70%
2027	5,188,999	250,000	13,618,954	11,838	19,069,791	36,647,923	5.70%
2028	5,422,504	250,000	14,471,894	12,371	20,156,769	24,770,612	5.70%
2029	5,666,516	250,000	11,186,998		17,103,515	11,122,152	-15.15%
2030	5,921,510	250,000			6,171,510	0	-63.92%

Appropriation payments assumed to be made August 1 of each fiscal year.  
Normal cost includes expenses of \$800,000 and is assumed to increase 4.5% per year.  
FY20 amount maintained at level of current funding schedule.